

AMENDED IN ASSEMBLY MAY 26, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

Assembly Joint Resolution

No. 12

Introduced by Assembly Members Block and Salas
(Coauthors: Assembly Members Bill Berryhill, Cook, Fuentes,
Gilmore, Jeffries, Lieu, Monning, Portantino, Price, and Silva)
(Coauthors: Senators DeSaulnier, Florez, and Wright)

March 27, 2009

Assembly Joint Resolution No. 12—~~Relative to benefits for Filipino~~
~~Americans who fought in World War II. taxation of corporate income~~
~~sheltered in offshore tax haven jurisdictions.~~

LEGISLATIVE COUNSEL'S DIGEST

AJR 12, as amended, Block. ~~Filipino veterans' benefits. Offshore tax~~
~~haven jurisdictions.~~

This measure would request that the *President and the Congress* ~~and~~
~~the President~~ of the United States enact legislation ~~granting veterans'~~
~~benefits to the Filipino Americans who fought in World War II in the~~
~~United States Armed Forces that closes the corporate federal tax~~
~~loopholes currently allowing the sheltering of income in offshore tax~~
~~haven countries, and, instead, promotes transparency, cooperation,~~
~~and tax compliance.~~

Fiscal committee: no.

- 1 WHEREAS, *In bad economic times, states are forced to cut*
- 2 *essential services or raise taxes in order to balance their budgets,*
- 3 *and recapturing lost revenues otherwise due to a state is one*
- 4 *mechanism in which government can reduce painful cuts without*
- 5 *raising new taxes; and*

1 *WHEREAS, A United States corporation is taxed on all of its*
2 *income, regardless of source, and is allowed a credit for any taxes*
3 *paid to a foreign country on its foreign-source income; and*

4 *WHEREAS, A United States corporation can operate globally*
5 *in foreign countries directly through a branch or indirectly through*
6 *its ownership in a foreign subsidiary; and*

7 *WHEREAS, Jurisdictions listed as “tax havens,” some of which*
8 *have no or nominal taxes, or financial privacy jurisdictions have*
9 *been identified on reports prepared by the Organization for*
10 *Economic Cooperation and Development (OECD), National*
11 *Bureau of Economic Research (NBER), and other sources; and*

12 *WHEREAS, The United States Department of the Treasury has*
13 *found that some United States corporations have aggressively*
14 *moved income to offshore jurisdictions to avoid United States taxes*
15 *because income that should properly be attributed to activities in*
16 *the United States is being attributed to those tax haven countries;*
17 *and*

18 *WHEREAS, The United States Senate Permanent Subcommittee*
19 *on Investigations and other federal governmental entities have*
20 *released findings regarding the growth of multinational*
21 *corporations’ use of tax haven countries to shelter income that*
22 *would otherwise be reported in the United States through use of*
23 *related companies with little or no substantial economic presence*
24 *or significant economic activity of the corporation in the tax haven*
25 *country; and*

26 *WHEREAS, President Obama has voiced his support for efforts*
27 *to combat offshore tax evasion and the United States Commissioner*
28 *of Internal Revenue has stated that the Internal Revenue Service*
29 *(IRS) has made closing this particular loophole a top priority; and*

30 *WHEREAS, United States Senator Carl Levin introduced the*
31 *Stop Tax Haven Abuse Act on March 2, 2009, to target offshore*
32 *tax abuses that deny the United States Treasury of an estimated*
33 *\$100 billion in revenue each year, reward tax dodgers using*
34 *offshore secrecy laws to hide legitimate taxable income from the*
35 *United States, and burden other United States taxpayers who*
36 *lawfully report their appropriately United States-sourced income;*
37 *and*

38 *WHEREAS, Some states in the United States have enacted*
39 *legislation to include the income and apportionment factors of*

1 *affiliated corporations doing business in or having income derived*
2 *from or attributed to a tax haven country; and*

3 *WHEREAS, California permits corporations that conduct*
4 *business in the state to elect to calculate their Corporate Tax Law*
5 *liability due to the state based on income only from sources within*
6 *the United States and, as identified by federal officials,*
7 *corporations are known to redirect income to foreign subsidiaries*
8 *located in offshore tax haven countries to hide those corporations'*
9 *true income and to avoid paying their fair share of state tax; and*

10 *WHEREAS, The Franchise Tax Board of California estimates*
11 *that California's direct revenues lost to corporations sheltering*
12 *funds in tax haven countries that should appropriately be sourced*
13 *to activities in California is approximately \$130 million per year*
14 *and growing; and*

15 *WHEREAS, Other states in the United States are losing revenues*
16 *from the same offshore sheltering practices of corporations; now,*
17 *therefore, be it*

18 *RESOLVED BY THE ASSEMBLY AND THE SENATE OF*
19 *THE STATE OF CALIFORNIA, JOINTLY, That in order to*
20 *reduce anticipated cuts to services and lessening the need for*
21 *increased taxes, the Legislature of the State of California*
22 *respectfully requests the President and the Congress of the United*
23 *States to enact legislation that closes the corporate federal tax*
24 *loopholes currently allowing the sheltering of income in offshore*
25 *tax haven countries, and, instead, promotes transparency,*
26 *cooperation, and tax compliance; and be it further*

27 *RESOLVED, That the Chief Clerk of the Assembly transmit*
28 *copies of this resolution to the President and the Vice President*
29 *of the United States, to the Speaker of the House of Representatives,*
30 *to the Majority Leader of the Senate, and to each Senator and*
31 *Representative from California in the Congress of the United*
32 *States.*

33 ~~*WHEREAS, The Republic of the Philippines (hereafter the*~~
34 ~~*Philippines) was a colony of the United States, and, as a result,*~~
35 ~~*the United States government possessed authority over that nation;*~~
36 ~~*and*~~

37 ~~*WHEREAS, On July 26, 1941, in anticipation of war with Japan,*~~
38 ~~*President Roosevelt issued an Executive Order calling over 200,000*~~
39 ~~*Filipino soldiers to serve in the United States Armed Forces in the*~~
40 ~~*Far East (USAFFE); and*~~

1 ~~WHEREAS, Ten hours after Pearl Harbor was attacked, the~~
2 ~~United States military bases in the Philippines were bombed,~~
3 ~~causing the war to spill onto the Filipino people; and~~

4 ~~WHEREAS, On March 27, 1942, Congress passed Title 8 of~~
5 ~~the Second War Powers Act, which provided that noncitizens who~~
6 ~~served in active duty in the United States Armed Forces during~~
7 ~~World War II shall be granted United States citizenship, meaning~~
8 ~~that every USAFFE soldier had the right to equal treatment under~~
9 ~~the law; and~~

10 ~~WHEREAS, On April 9, 1942, the United States surrendered~~
11 ~~the Philippines to Japan, leaving 75,000 USAFFE and regular~~
12 ~~soldiers to the Bataan Death March where close to 10,000 died~~
13 ~~along the trudge to P.O.W. camps; and~~

14 ~~WHEREAS, Even after the American surrender, Filipinos~~
15 ~~continued to resist, gathering thousands more soldiers and forming~~
16 ~~guerilla units, who, in coordination with United States command,~~
17 ~~conducted operations, collected intelligence, and helped prepare~~
18 ~~for the American return; and~~

19 ~~WHEREAS, On September 2, 1945, Japanese military command~~
20 ~~surrendered the Philippines back to American forces ending World~~
21 ~~War II on the Philippine islands, and Philippine nationals who~~
22 ~~served in the war began filing for naturalization at the United States~~
23 ~~Embassy in Manila; and~~

24 ~~WHEREAS, Filipino men and women served courageously in~~
25 ~~the fight for freedom and democracy during World War II, under~~
26 ~~the leadership of General Douglas MacArthur; and~~

27 ~~WHEREAS, After the war, the New Philippine Scouts were~~
28 ~~formed to help reestablish United States authority in the Pacific,~~
29 ~~causing thousands more Filipino soldiers to be called to serve the~~
30 ~~United States; and~~

31 ~~WHEREAS, In November of 1945, adjudication of applications~~
32 ~~for naturalization of Filipino veterans was stopped, per order of~~
33 ~~the United States Department of State and the Commissioner of~~
34 ~~the Immigration and Naturalization Service; and~~

35 ~~WHEREAS, In December of 1945, Congress passed legislation~~
36 ~~amending the immigration and naturalization law, setting a deadline~~
37 ~~of December 1946 for Filipino veterans applying for citizenship;~~
38 ~~and~~

39 ~~WHEREAS, On February 18, 1946, Congress enacted the 1946~~
40 ~~Rescission Act, which denied World War II Filipino veterans,~~

1 including the USAFFE, the guerillas, and the New Philippine
2 Scouts equal status as American veterans, which stripped them of
3 equal recognition, compensation, and benefits; and

4 WHEREAS, In October of 1990, the Immigration Act of 1990
5 was passed, granting United States citizenship to Filipino veterans,
6 which allowed 24,000 Filipino World War II veterans, in their 70s
7 and 80s, to receive citizenship, but who were still denied equal
8 status as American veterans; and

9 WHEREAS, The course of correction has continued under
10 Presidents Bill Clinton and George W. Bush and under many
11 legislative reforms regarding health care, benefits for surviving
12 spouses, and burial rights; and

13 WHEREAS, Most families of Filipino World War II veterans
14 who are residing in the United States, have been longing to reunite
15 with their sons, daughters, and minor grandchildren whom they
16 left behind, between 1990 and 1995, when they were naturalized
17 and finally established residence in the United States; now,
18 therefore, be it

19 *Resolved by the Assembly and the Senate of the State of*
20 *California, jointly,* That the Legislature of the State of California
21 respectfully requests the President and the Congress of the United
22 States to enact legislation granting veterans' benefits to the Filipino
23 Americans who fought in World War II in the United States Armed
24 Forces; and be it further

25 *Resolved,* That the Chief Clerk of the Assembly transmit copies
26 of this resolution to the President and Vice President of the United
27 States, to the Speaker of the House of Representatives, to the
28 Majority Leader of the Senate, and to each Senator and
29 Representative from California in the Congress of the United
30 States.